

LIBERTY TOWNSHIP, WEXFORD COUNTY

MANTON, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Liberty Township	County Wexford
Audit Date 3/31/04	Opinion Date 5/6/04	Date Accountant Report Submitted to State: July 6, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

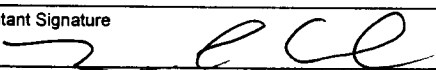
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) BAIRD, COTTER AND BISHOP, P.C.			
Street Address 134 W. HARRIS STREET	City CADILLAC	State MI	ZIP 49601
Accountant Signature 		Date 7/12/04	

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

MARCH 31, 2004

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
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JOHN H. BISHOP, C.P.A.
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JOHN F. TAYLOR, C.P.A.
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SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

May 6, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Liberty Township
Wexford County
Manton, Michigan

We have audited the accompanying general-purpose financial statements of Liberty Township, Wexford County, Manton, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Liberty Township, Wexford County, Manton, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
ALL FUND TYPES AND ACCOUNT GROUP

MARCH 31, 2004

	GOVERNMENTAL FUND TYPES	FIDUCIARY FUND TYPE	ACCOUNT GROUP	TOTAL (MEMORANDUM ONLY)
	GENERAL	AGENCY	GENERAL FIXED ASSETS	
<u>ASSETS</u>				
Cash				
Commercial Account	\$ 0	\$ 10	\$ 0	\$ 10
Money Market Account	175,038	0	0	175,038
Certificates of Deposit	80,658	0	0	80,658
Taxes Receivable	3,808	0	0	3,808
Land and Buildings	0	0	156,920	156,920
Machinery and Equipment	0	0	14,888	14,888
Furniture and Fixtures	0	0	5,154	5,154
TOTAL ASSETS	\$ 259,504	\$ 10	\$ 176,962	\$ 436,476
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
Deferred Revenue	\$ 3,808	\$ 0	\$ 0	\$ 3,808
Payroll Withholding	3	0	0	3
Total Liabilities	\$ 3,811	\$ 0	\$ 0	\$ 3,811
<u>EQUITY</u>				
Investment in General				
Fixed Assets	\$ 0	\$ 0	\$ 176,962	\$ 176,962
Balance				
Unreserved	255,693	10	0	255,703
Total Equity	\$ 255,693	\$ 10	\$ 176,962	\$ 432,665
TOTAL LIABILITIES AND EQUITY	\$ 259,504	\$ 10	\$ 176,962	\$ 436,476

The accompanying notes are an integral part of these financial statements.

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Taxes	\$ 20,091
State Grants	56,272
Charges for Services	4,469
Interest and Rents	4,353
Other Receipts	32
	<hr/>
Total Receipts	\$ 85,217

DISBURSEMENTS

Legislative	
Township Board	\$ 6,811
General Government	
Supervisor	4,200
Assessor	4,846
Clerk	4,499
Board of Review	1,113
Treasurer	9,383
Building and Grounds	4,212
Cemetery	5,830
Public Safety	16,416
Public Works	216
Other Functions	6,109
	<hr/>
Total Disbursements	\$ 63,635

Excess of Receipts Over (Under) Disbursements	\$ 21,582
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<u>BALANCE</u> - April 1, 2003	234,111
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<u>BALANCE</u> - March 31, 2004	<u>\$ 255,693</u>
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The accompanying notes are an integral part of these financial statements.

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE -
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 25,000	\$ 20,091	\$ (4,909)
State Grants	65,000	56,272	(8,728)
Charges for Services	3,000	4,469	1,469
Interest and Rents	6,500	4,353	(2,147)
Other Receipts	2,500	32	(2,468)
Total Receipts	\$ 102,000	\$ 85,217	\$ (16,783)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 8,200	\$ 6,811	\$ 1,389
General Government			
Supervisor	4,500	4,200	300
Election	500	0	500
Assessor	6,000	4,846	1,154
Clerk	5,000	4,499	501
Board of Review	1,500	1,113	387
Treasurer	9,500	9,383	117
Building and Grounds	6,000	4,212	1,788
Cemetery	25,000	5,830	19,170
Public Safety	18,000	16,416	1,584
Public Works	30,250	216	30,034
Other Functions	8,150	6,109	2,041
Total Disbursements	\$ 122,600	\$ 63,635	\$ 58,965
Excess of Receipts Over (Under) Disbursements	\$ (20,600)	\$ 21,582	\$ 42,182
<u>BALANCE - April 1, 2003</u>	234,101	234,111	10
<u>BALANCE - March 31, 2004</u>	\$ 213,501	\$ 255,693	\$ 42,192

The accompanying notes are an integral part of these financial statements.

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Liberty Township is a general law township located in Wexford County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund type:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Township has authorized the Township Treasurer to invest in bank savings accounts, bank certificates of deposit, securities of the U.S. Government, and repurchase agreements from banks. The State also permits local units of government to invest funds in commercial paper (unsecured notes of businesses and corporations). Such obligations must be rated in one of the three highest classifications by two of the national rating services in order to qualify for local government investment. Other statutory limits are that commercial obligations may not extend for more than 270 days, and not more than one half of the total investments may be invested in commercial paper.

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liabilities recognized are for unremitted payroll tax withholdings.

3. Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

5. Use of Estimates

This presentation of financial statements on the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 31, 2003.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's regular deposits was \$255,706 and the bank balance was \$256,245 of which \$248,257 was covered by federal depository insurance and \$7,988 was uninsured and uncollateralized.

The Township's deposits at year-end are shown below:

Citizens Bank	
Manton, Michigan	
Commercial Account	\$ 10
Money Market Account	107,910
Certificates of Deposit	10,000
Forest Area Credit Union	
Fife Lake, Michigan	
Money Market Account	947
Certificates of Deposit	50,658
Northwestern Savings Bank and Trust	
Cadillac, Michigan	
Money Market Account	66,181
Certificates of Deposit	20,000
	<hr/>
TOTAL	\$ 255,706

B. Fixed Assets

Activity in the general fixed assets account group for the township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land and Buildings	\$ 156,920	\$ 0	\$ 0	\$ 156,920
Machinery and Equipment	11,836	3,052	0	14,888
Furniture and Fixtures	5,154	0	0	5,154
	<hr/>			<hr/>
	\$ 173,910	\$ 3,052	\$ 0	\$ 176,962

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Fire Protection Contract

The Township entered into an agreement with the City of Manton to provide the Township with fire protection services. The agreement calls for the Township to pay the City \$10,344 for the fiscal year beginning on December 1, 2002, and ending November 30, 2003. In addition, the agreement calls for payments to be made by the Township for each fire run and for any overtime charges incurred. The total cost paid by the Township for the 2003-04 fiscal year was \$16,416.

IV. OTHER INFORMATION

A. Property Taxes

The Township levied 0.9006 mills on a state taxable valuation of \$15,621,218 on the 2003 tax roll.

Properties are assessed January 1, and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 14 with a final collection date of February 28, before they are added to the county tax rolls. Property taxes levied December 1 which are collected prior to the end of the Township's fiscal year, are recognized as income in the year in which they are levied.

B. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 3,988	\$ 0

C. Risk Management

The Township is exposed to various risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continued to carry insurance for other risks of loss, including fidelity bonds.

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GENERAL FUND
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 175,038
Certificates of Deposits	80,658
Taxes Receivable	3,808
	<hr/>
TOTAL ASSETS	\$ 259,504

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 3,808
Payroll Withholdings	3
	<hr/>
Total Liabilities	\$ 3,811

EQUITY

Balance	
Unreserved	255,693
	<hr/>
TOTAL LIABILITIES AND EQUITY	\$ 259,504

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL
<u>RECEIPTS</u>		
Taxes	\$ 25,000	\$ 20,091
State Grants	65,000	56,272
Charges for Services	3,000	4,469
Interest and Rents	6,500	4,353
Other Receipts	2,500	32
	<hr/>	<hr/>
Total Receipts	\$ 102,000	\$ 85,217
<u>DISBURSEMENTS</u>		
Legislative		
Township Board	\$ 8,200	\$ 6,811
General Government		
Supervisor	4,500	4,200
Election	500	0
Assessor	6,000	4,846
Clerk	5,000	4,499
Board of Review	1,500	1,113
Treasurer	9,500	9,383
Building and Grounds	6,000	4,212
Cemetery	25,000	5,830
Public Safety		
Fire Department	18,000	16,416
Public Works	30,250	216
Other Functions	8,150	6,109
	<hr/>	<hr/>
Total Disbursements	\$ 122,600	\$ 63,635
Excess of Receipts Over (Under) Disbursements	\$ (20,600)	\$ 21,582
<u>BALANCE - April 1, 2003</u>	<hr/> 234,101	<hr/> 234,111
<u>BALANCE - March 31, 2004</u>	<hr/> \$ 213,501	<hr/> \$ 255,693

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$	10,264
Delinquent Property Tax and Interest		1,869
Payments in Lieu of Taxes - Swamp Tax		7,818
Industrial Facilities Taxes		140
		140

Total Taxes		\$ 20,091
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STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		56,272

CHARGES FOR SERVICES

Dog License Fees	\$	9
Burial Fees and Cemetery Lot Sales		1,325
Fire Runs		1,450
Summer Tax Collection Fees		1,685
		1,685

Total Charges for Services		4,469
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INTEREST AND RENTS

Interest Earnings	\$	3,988
Rents and Royalties		365
		365

Total Interest and Rents		4,353
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OTHER RECEIPTS

Miscellaneous		32
		32

TOTAL RECEIPTS	\$	85,217
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LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages \$ 1,800

Supplies

Office Supplies 69

Other Services and Charges

Contracted Services 1,566

Printing and Publishing 34

Dues and Fees 332

Miscellaneous 1,457

Clean Up Day 1,553

Total Legislative \$ 6,811

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages \$ 3,800

Salaries and Wages - Deputy 400

Total Supervisor \$ 4,200

Assessor

Other Services and Charges

Contracted Services 4,846

Clerk

Personal Services

Salaries and Wages \$ 3,800

Salaries and Wages - Deputy 400

Supplies

Office Supplies 122

Operating Supplies 165

Other Services and Charges

Transportation 10

Miscellaneous 2

Total Clerk 4,499

Board of Review

Personal Services

Salaries and Wages \$ 793

Supplies

Operating Supplies 29

Other Services and Charges

Education and Training 220

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Printing and Publishing	27	
Transportation	44	
Total Board of Review		1,113
Treasurer		
Personal Services		
Salaries and Wages	\$ 5,500	
Salaries and Wages - Deputy	417	
Supplies		
Office Supplies	760	
Operating Supplies	2,237	
Other Services and Charges		
Printing and Publishing	430	
Repairs and Maintenance	39	
Total Treasurer		9,383
Building and Grounds		
Personal Services		
Salaries and Wages	\$ 1,229	
Supplies		
Operating Supplies	558	
Other Services and Charges		
Contracted Services	935	
Public Utilities	1,200	
Communications	227	
Transportation	45	
Repairs and Maintenance	18	
Total Building and Grounds		4,212
Cemetery		
Personal Services		
Salaries and Wages	\$ 1,670	
Employee Benefits		
Unemployment	124	
Supplies		
Operating Supplies	163	
Other Services and Charges		
Contracted Services	250	
Memorial Services	294	
Repairs and Maintenance	163	
Transportation	26	
Public Utilities	88	
Capital Outlay	3,052	
Total Cemetery		5,830
Total General Government		

34,083

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

PUBLIC SAFETY

Fire Department

Other Services and Charges

Aid to Other Government

16,416

PUBLIC WORKS

Highways, Streets and Bridges

Other Services and Charges

Public Utilities

216

OTHER FUNCTIONS

Insurance and Bonds

\$ 3,752

Employee Benefits

Medicare and Social Security

\$ 1,519

Workers' Compensation

838

Total Employee Benefits

2,357

Total Other Functions

6,109

TOTAL DISBURSEMENTS

\$ 63,635

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN
CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash
Commercial Account

\$ 10

EQUITY

BALANCE
Unreserved

\$ 10

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 401,115	
Industrial Facility Tax	8,232	
Dog License Fees	24	
Overcollections from Taxpayers	742	
Interest and Penalties	240	
Total Receipts		\$ 410,353

DISBURSEMENTS

Payments to County Treasurer			
Current Tax			
County Operations	\$ 92,374		
Transit Authority	4,455		
Library	7,792		
Council on Aging	11,250		
State Education Tax	72,241		
Industrial Facility Tax	3,188		
Dog License Fees	15		
Interest and Penalties	240	\$ 191,555	
Payments to Township Treasurer			
Current Tax	\$ 10,264		
Industrial Facility Tax	142		
Dog License Fees	9	10,415	
Payments to School Treasurer			
Manton Consolidated Schools			
Current Tax	\$ 128,481		
Industrial Facility Tax	3,953		
Forest Area Community Schools			
Current Tax	5,864	138,298	
Payments to Intermediate School Treasurer			
Wexford-Missaukee Intermediate School District			
Current Tax	\$ 68,394		
Industrial Facility Tax	949	69,343	
Repayment of Overcollections		742	
Total Disbursements			410,353
Excess of Receipts Over (Under) Disbursements			\$ 0
<u>BALANCE - April 1, 2003</u>			10
<u>BALANCE - March 31, 2004</u>			\$ 10

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land and Buildings	\$ 156,920	\$ 0	\$ 0	\$ 156,920
Machinery and Equipment	11,836	3,052	0	14,888
Furniture and Fixtures	5,154	0	0	5,154
	<u>\$ 173,910</u>	<u>\$ 3,052</u>	<u>\$ 0</u>	<u>\$ 176,962</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 173,910</u>	<u>\$ 3,052</u>	<u>\$ 0</u>	<u>\$ 176,962</u>

LIBERTY TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County			
Operating	\$	126,649	
County Wide Transit Authority		6,108	
Library		10,684	
Council on Aging		15,425	
State Education Tax		78,140	
Township		14,072	
Schools			
Manton Consolidated Schools		169,685	
Forest Area Community Schools		10,576	
Intermediate School			
Wexford-Missaukee		93,771	\$ 525,110

TAXES COLLECTED

County			
Operating	\$	92,374	
County Wide Transit Authority		4,455	
Library		7,792	
Council on Aging		11,250	
State Education Tax		72,241	
Township		10,264	
Schools			
Manton Consolidated Schools		128,481	
Forest Area Community Schools		5,864	
Intermediate School			
Wexford-Missaukee		68,394	401,115

TAXES RETURNED DELINQUENT

County			
Operating	\$	34,275	
County Wide Transit Authority		1,653	
Library		2,892	
Council on Aging		4,175	
State Education Tax		5,900	
Township		3,808	
Schools			
Manton Consolidated Schools		41,203	
Forest Area Community Schools		4,712	
Intermediate School			
Wexford-Missaukee		25,377	\$ 123,995

Baird, Cotter and Bishop, P.C.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

May 6, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Liberty Township
Wexford County
Manton, Michigan

During the course of our audit of the general-purpose financial statements of Liberty Township for the year ended March 31, 2004, we noted the following:

Government Accounting Standards Board (GASB) Statement 34

GASB has issued its new financial accounting model for governmental entities. This pronouncement will become effective for Liberty Township for its fiscal year ending March 31, 2005. The most significant change will be reporting cost and depreciation information for fixed assets such as buildings and equipment. We are available to advise you on how this new standard affects your township.

General Recordkeeping

The accounting records for the year ended March 31, 2004, were found to be in good order and in compliance with the State's uniform accounting system. We commend the clerk and treasurer for a job well done and encourage them to keep up the fine effort.

We would like to thank the board for its continued confidence in our firm and to thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

May 6, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Liberty Township
Wexford County
Manton, Michigan

In planning and performing our audit of the general-purpose financial statements of Liberty Township, Wexford County, Manton, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.